United Nations A/C.2/58/SR.25

General Assembly
Fifty-eighth session

Official Records

Distr.: General
13 November 2003

Original: English

Second Committee

Summary record of the 25th meeting
Held at Headquarters, New York, on Wednesday, 5 November 2003, at 10 a.m.

Chairman: Mr. Raubenheimer (Vice-Chairman) (South Africa)

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In the absence of Mr. Chowdhury (Bangladesh), Mr. Raubenheimer (South Africa), Vice-Chairman, took the Chair.

The meeting was called to order at 10.15 a.m.

Agenda item 91: Macroeconomic policy questions (*continued*)

(a) International trade and development (*continued*) (A/58/15 (Parts I, II, III, IV and V), A/58/154, A/58/204, A/58/301, A/58/414 and A/C.2/58/9)

(g) Commodities (*continued*) (A/58/204 and A/58/401)

1. **Ms. Houngbedji** (Benin), referring to the Cotton Initiative submitted by Benin, Burkina Faso, Chad and Mali to the World Trade Organization (WTO) in April 2003 and then inscribed on the agenda of the Cancún Ministerial Conference, said that its basic goal was to re-establish some degree of equity in the world trading system. Cotton played a key role in development in Central and West Africa. In 2001, cotton production in Benin, Burkina Faso, Chad and Mali had accounted for 5 to 10 per cent of gross domestic product and nearly 30 per cent of total export earnings. Over 10 million people in those countries depended directly on cotton production for their livelihood. Although the production costs of African cotton were 50 per cent lower than those of competitors from the developed countries, the subsidies paid to cotton growers in some developed countries had an adverse economic and social impact on African producers, since they artificially inflated supply on the world markets and depressed export prices.

2. The total elimination of all subsidies for cotton was the only way to enable African countries to fully develop their cotton production potential. Since cotton subsidies could not be withdrawn overnight, it was proposed that they should be phased out gradually between 2004 and 2006, at the rate of 33 per cent a year. Thus, after three years, the free market would be restored for the international trade in cotton. Eliminating the subsidies would make the production of Central and West African cotton profitable and enable the countries concerned to be more competitive; that, in turn, would contribute enormously to the reduction of poverty in those countries.

3. The proposed compensatory mechanism would be of limited duration and would be tied to the period of reduction of the subsidies. Such compensation would be paid to cotton producers for the losses they suffered as a result of the subsidies. However, it was only a transitional measure designed to enable cotton producers in the countries concerned to maintain their level of production and make the necessary investments to be able to adapt to changes in the market. She appealed to the international community to resolve the cotton problem and thereby demonstrate its political will to implement the commitments made at Doha.

4. **Ms. Zubčević** (Croatia), noting that genuine international cooperation was needed in order to combat poverty, welcomed the ongoing preparations to resume the consultations on the most difficult aspects of the talks which had broken down in Cancún. Countries with economies in transition were facing special challenges in their efforts to achieve sustainable economic growth. Industries that had been ill-equipped to compete in a market economy had been forced to either outsource their work or lay off employees. Since her Government was aware of the fact that economic growth should be based on the encouragement of private investments it had implemented privatization programmes, thereby helping to create a burgeoning private sector.

5. Croatia had joined the World Trade Organization (WTO) in 2000 and had signed the Stabilization and Association Agreement with the European Union in 2001. As a result of those efforts, along with other free trade initiatives signed with neighbouring countries and the European Free Trade Association (EFTA), 80 per cent of Croatia's international trade had been liberalized. While the transition process was not yet completed, her delegation agreed with the view that issues that had once been exclusively transition issues were fast becoming pan-European issues, and that the economic growth and development of countries in transition had a direct impact on the pace of European Union enlargement.

6. Croatia was well aware of the importance of regional stability for creating an enabling environment for investment and it supported and participated in several regional initiatives such as the Stability Pact for South-East Europe and the Central European Initiative. It also contributed to the flow of productive investments, especially foreign direct investments and

international trade, which it saw as indispensable factors for the revitalization of the region's economies. In her delegation's view, there was a need for improved coordination, cooperation and policy coherence of existing United Nations mechanisms, particularly among the Organization's main agencies and funds. Closer links were also needed between development financing and the Millennium Development Goals in order to improve the international community's effectiveness in combating hunger, illiteracy, poverty and disease.

7. **Archbishop Migliore** (Observer for the Holy See) said that the relationship between Governments and markets should be viewed as complementary, rather than competitive or even antagonistic. Removing artificial restraints on the flow of goods and services could stimulate the economy and lead to greater efficiency and economic growth. Nevertheless, change could produce social distortions with adverse consequences, especially on the economies of the least developed countries; such distortions might require government intervention to ease the hardships and suffering of the poor and forestall a possible recession. International trade rules should not hinder the ability of Governments to adopt such measures.

8. Trade policy needed to be organized in such a way as to contribute to sustainable economic development. In order to enjoy the benefits of a well ordered international trading system and ensure that such benefits trickled down to the poor, developing countries must take the necessary steps to avoid corrupt and unethical practices. The Holy See was always supportive of all efforts by the international community geared towards the well-being of every member of the human family.

9. Finally, he called on all nations to demonstrate a greater degree of international solidarity and to abandon the pursuit of their own special interests for the common good.

10. **Mr. Boonpracong** (Thailand) said that an open, equitable, rules-based multilateral trading system was one of the most essential instruments for the promotion of economic development and the eradication of poverty worldwide. In order to derive maximum benefits from trade, national productive capacities needed to be strengthened in parallel with liberalization and policy reform. Specific issues to be tackled in that connection included export diversification and competitiveness, market access and entry and access to finance and technology. Those issues called for international multilateral cooperation.

11. In that regard, he urged Member States to support the significant role played by the United Nations Conference on Trade and Development (UNCTAD), which provided a forum for countries to promote policy convergence on important global issues and, through its numerous analytical studies and capacity-building and technical assistance activities, contributed to the integration of developing countries into the world economy. He encouraged Member States and the United Nations system to support the International Institute for Trade and Development, recently established by UNCTAD and his Government in Bangkok, and said that the eleventh session of UNCTAD should provide an opportunity to address, inter alia, the asymmetries and inequalities in the international economy. His delegation was convinced that regional and bilateral cooperation could play a very important role in enhancing multilateralism.

12. At their recent meeting in Bangkok the economic leaders of the Asia-Pacific Economic Cooperation forum had reaffirmed, among other things, the primacy of the multilateral trading system and agreed that, for global free trade to flourish, regional and bilateral free trade agreements must be consistent with WTO principles and advance WTO objectives. They had also agreed to promote free trade in a coordinated manner among multilateral, regional and bilateral frameworks. In his delegation's view, properly designed bilateral, regional or subregional free trade agreements could be vital building blocks in strengthening the multilateral trading system. The emphasis should not be on trade, per se, but on trade as a vehicle for national development and sustainable growth.

13. **Mr. Monjane** (Mozambique), commenting on the report of the Secretary-General on international trade and development (A/58/414), lamented the lack of political will on the part of the international community, particularly the developed countries, to fulfil the commitments made at major United Nations conferences in the previous decade. Africa's problems in the area of trade, including dependency on a limited number of export commodities and limited access of farmers to credit, needed to be addressed in a holistic manner. Since 70 per cent of Africans living in rural areas depended on agriculture for their livelihoods,

poverty eradication was not only a moral imperative but essentially an economic one as well.

14. Describing the New Partnership for Africa's Development (NEPAD) as the driving force for sustainable development, he encouraged the international community to provide the necessary support to it and also to provide more official development assistance (ODA) to the developing countries. He commended the Trade and Development Board for putting the concerns of African countries, particularly least developed countries, high on its priority agenda for 2003, and welcomed its recommendations with respect to the financing of the participation of experts from developing countries and countries with economies in transition in the expert meetings of UNCTAD. In that regard, he hoped that developed partners would demonstrate their support by contributing to the extrabudgetary fund of UNCTAD. Stressing the need for UNCTAD to play its catalytic role in the capacity-building process of developing countries, he expressed the hope that the eleventh session of UNCTAD would fully meet the expectations of developing countries.

15. **Mr. Natama** (Burkina Faso) said that because many developing countries were heavily dependent on a limited number of commodities, they were extremely vulnerable to fluctuations in demand for such commodities. However, his delegation was convinced that the development of agriculture was the key to economic development and to reducing poverty in the developing countries. He therefore pleaded for access to world markets, noting that the Agreement on Agriculture concluded in the context of the Uruguay Round had yet to be implemented. While his delegation had been deeply disappointed following the setback at Cancún it hoped nevertheless that future negotiations would lead to considerably improved market access, especially for crops with a strong growth potential such as cotton.

16. While his country and other African countries had a clear advantage over their competitors from the rest of the world in cotton production, their performance was undermined by the unfair practices of American, Asian and European countries, which continued to subsidize their producers. In 2001 alone, the rich countries had spent six times as much on subsidies to their farmers as they spent on development assistance. As a result, the price of cotton had dropped to its lowest level in 30 years. Indeed, Burkina Faso had lost 1 per cent of its gross domestic product in 2001 and 12 per cent of its export earnings. African countries had every reason to feel frustrated and cheated.

17. Burkina Faso was not asking for any special treatment but merely demanding that the very nations that imposed international rules and standards should abide by them. It was simply calling for the full implementation of the Uruguay Round Agreements and of the Doha agenda in order to establish a more equitable trading system that was in line with the principles of the WTO agreements.

The meeting rose at 11.02 a.m.